

STAND. COM. REP. NO.

1369

Honolulu, Hawaii

March 24, 2017

RE: S.B. No. 1183  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 1183, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Repeal the requirement that ten percent of the revenues from the county surcharge on state tax be withheld to reimburse the State for administrative costs; provided that a county that has established a county surcharge on state tax passes an ordinance that allows the capital costs of the county's preferred alternative for mass transit project to be paid from county funds prior to December 31, 2017; and
- (2) Require the mayor of a county that has established a county surcharge on state tax to submit certain plans with respect to the county's preferred alternative for mass transit project.

The Building Industry Association of Hawaii, Bikeshare Hawaii, Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, Kapolei Chamber of Commerce, LGBT Caucus of the

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Democratic Party of Hawaii, Chinatown Merchants Association, Hawaii Bicycling League, Land Use Research Foundation of Hawaii, and many individuals supported this measure. The Office of the Mayor of the County of Kauai, James Campbell Company LLC, Hawaii Laborers-Employers Cooperation and Education Trust, Hawaii State AFL-CIO, The Chamber of Commerce Hawaii, Pacific Resource Partnership, ILWU Local 142, Hawaii Laborers Union, Local 368, Iron Workers Stabilization Fund, and General Contractors Association of Hawaii supported the intent of this measure. The Chair of the Honolulu City Council and the Councilmembers representing District 1, District 3, and District 7 of the City and County of Honolulu, Hawaii Kai Neighborhood Board, Hawaii Republican Party of State House District 41, and several individuals opposed this measure. The Department of Transportation, Department of Budget and Finance, Office of the Mayor of the City and County of Honolulu, Honolulu Authority for Rapid Transportation, Tax Foundation of Hawaii, AARP Hawaii, and many individuals provided comments.

Your Committee has amended this measure by:

- (1) Authorizing counties that have established a surcharge on state tax prior to July 1, 2015, to extend the surcharge to an unspecified date; provided that the county adopts an ordinance to extend the surcharge before July 1, 2018;
- (2) Authorizing a county that has not established a county surcharge on state tax prior to July 1, 2015, to establish a surcharge by ordinance, if the ordinance is adopted prior to July 1, 2018; but not earlier than July 1, 2017;
- (3) Changing the amount deducted from the county surcharge on state tax to reimburse the State to an unspecified percentage, rather than repealing the requirement that ten percent of revenues from the county surcharge on state tax be withheld for administrative costs;
- (4) Requiring the Director of Finance to deduct an unspecified portion of the surcharge proceeds for the Department of Transportation for state highway projects;



- (5) Providing that the authority of a county that has established a county surcharge on state tax to collect the county surcharge on state tax shall be rescinded if the county does not adopt an ordinance that allows capital costs of a locally preferred alternative for mass transit project to be paid from county funds prior to December 31, 2017;
- (6) Requiring the mayors of counties who establish a county surcharge on state tax by ordinance prior to July 1, 2018, to submit certain plans and reports to the Legislature with respect to the funding of the locally preferred alternative for mass transit project;
- (7) Removing provisions that repeal the measure if a county that has established a county surcharge on state tax does not adopt an ordinance that allows capital costs of a locally preferred alternative for mass transit project to be paid from county funds prior to December 31, 2017;
- (8) Extending the sunset date of the county surcharge on state tax to an unspecified date;
- (9) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Should the Committee on Finance deliberate on this measure further, your Committee on Transportation notes that its intent is not to authorize a permanent extension of the county surcharge on state tax and respectfully requests that the Committee on Finance determine if an extension is warranted and the length of such extension.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1183, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1183, S.D. 2, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Transportation,

  
HENRY J.C. AQUINO, Chair



